



**A Report on Payment In Lieu of Taxes (PILT)  
Prepared for the Minnesota State Legislature  
By the Minnesota Association of County Land Commissioners  
February 3, 2011**

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Aitkin	Carlton	Cook	Itasca	Lake of the Woods
Becker	Cass	Crow Wing	Koochiching	Pine
Beltrami	Clearwater	Hubbard	Lake	St. Louis

January 20, 2011

Honorable Senator Julianne E. Ortman  
75 Rev. Dr. Martin Luther King Jr. Blvd.  
Capitol Building, Room 120  
St. Paul, MN 55155-1606

Honorable Senator Geoff Michel  
75 Rev. Dr. Martin Luther King Jr. Blvd.  
Capitol Building Room 208  
St. Paul, MN 55155-1606

Honorable Senator John Marty  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
State Office Building, Room 119  
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Honorable Senator Thomas M. Bakk  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
State Office Building, Room 147  
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Honorable Senator Roger C. Chamberlain  
75 Rev. Dr. Martin Luther King Jr. Blvd.  
Capitol Building, Room 306  
St. Paul, MN 55155-1606

Honorable Senator Gretchen M. Hoffman  
75 Rev. Dr. Martin Luther King Jr. Blvd.  
Capitol Building Room 124  
St. Paul, MN 55155-1606

Honorable Senator John Sterling Howe  
75 Rev. Dr. Martin Luther King Jr. Blvd.  
Capitol Building, Room 323  
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Honorable Senator Warren Limmer  
75 Rev. Dr. Martin Luther King Jr. Blvd.  
Capitol Building Room 122  
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Honorable Senator Lawrence J. Pogemiller  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
State Office Building, Room 15  
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Honorable Senator Ann H. Rest  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
State Office Building, Room 105  
St. Paul, MN 55155-1206

Honorable Senator Julie A. Rosen  
75 Rev. Dr. Martin Luther King Jr. Blvd.  
Capitol Building, Room 322  
St. Paul, MN 55155-1606

Honorable Senator David H. Senjem  
75 Rev. Dr. Martin Luther King Jr. Blvd.  
Capitol Building Room 121  
St. Paul, MN 55155-1606

Honorable Senator Rod Skoe  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
State Office Building, Room 107  
St. Paul, MN 55155-1206

Dear Members of the Senate Tax Committee,

Please find enclosed a resolution passed on December 15, 2010 by the Minnesota Association of County Land Commissioners (MACLC) entitled: "Support for State Payments-In-Lieu-Of-Taxes (PILT) for Northern Minnesota Forested Counties". Also enclosed are a PILT Issue Paper, supporting background documents and individual county board resolutions.

It is important to note that both the DOR and the DNR have important roles to play in the current "administration" of the PILT program. The determination of the payment amounts are based on information (acres and appraised values) certified by

the DNR to the DOR by March 1<sup>st</sup> of each year. From there, the DOR fulfills statutory requirements and makes the payments to counties. The PILT program resides in the DNR budget with administrative oversight.

MACLC support for moving the administration of the PILT program to the DOR simply means making it a part of the DOR budget and administrative oversight. Being that PILT payments are largely a tax issue, the DOR may be a better home for the administration of the program. MACLC fully supports the continued role the DNR has in the determination of payment amounts based on information certified by the DNR to the DOR by March 1<sup>st</sup> of each year.

MACLC is an organization of the fifteen (15) northern counties with departments that manage Tax Forfeited lands for multiple uses. If I can be of any further assistance, please feel free to contact me at 218-384-9179 or [greg.bernu@co.carlton.mn.us](mailto:greg.bernu@co.carlton.mn.us) or 1630 County Road 61, Carlton, MN 55718.

Best Regards,



Greg Bernu, Chairman  
Minnesota Association of County Land Commissioners

C: Senate Tax Committee Administrator Beth Kadoun @ [beth.kadoun@senate.mn](mailto:beth.kadoun@senate.mn)  
Land Commissioners

ATTACHMENTS

MACLC resolution

PILT Issue Paper

Attachments A\_B\_C\_D

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Individual county board resolutions

## ISSUE PAPER

Prepared for  
Itasca County Board of Commissioners  
by Itasca County Land Commissioner  
December 21, 2010

### Issue

State payments-in-lieu-of-taxes (PILT) for tax-exempt public lands in Northern Minnesota forested counties have periodically been a topic of discussion in county board rooms and at the state legislature for many years. At issue is not whether there should be PILT payments, but rather how much they should be. With a looming state budget deficit, the PILT discussion will likely be on the table this legislative session.

### Abstract

This paper will address PILT payments for Northern Minnesota forested counties in the context of the statewide program. County Commissioners and citizens of northern forested counties have generally supported having public land for all to use and benefit from, provided there is fair sharing of expenses. Most local stakeholders agree that the State is a welcome partner in cost-share funding of expenses related to tax-exempt natural resource lands. This paper will focus on making the case for supporting the current language of M.S. 97A.061 and M.S. 477A.11-.145.

### Background

In 1976, Aitkin County Land Commissioner Roger Howard initiated a study comparing road construction/maintenance costs and emergency service costs to all lands regardless of ownership in two rural counties; one with greater than 50% public ownership (Aitkin) and one with less than 10% public ownership (Winona). The study basically resulted in the conclusion that those costs were consistent regardless of ownership or higher because land is public.

Also in the late 70's, federal legislation recognized its obligation to help defray costs that local government supplied in support of natural resource lands and established federal PILT on certain federal lands at \$.75 per acre per year.

Following suit with these actions, State PILT payments were first approved by the legislature in 1979. Roger Howard and the newly formed Minnesota Association of County Land Commissioners (MACLC) worked on improvements to the PILT program through the years including discussions on moving the administration of the PILT program to the Department of Revenue (DOR) and the overhaul of the PILT laws in 2000. The MACLC continues to monitor the PILT laws to this day providing recommendations to County Commissioners in their respective counties and further to State legislators. Considerable efforts have gone into getting the PILT laws where they are today.

The following attachments to this Issue Paper also provide a history and recent commentary on the Payments In Lieu of Taxes discussion:

**Attachment A** Payment In Lieu of Taxes –PILT; Paul Pojar, MNDNR, Nov. 2008.

**Attachment B** PILT Payments to Counties–A Primer; Paul Pojar, MNDNR, Sept. 2009.

**Attachment C** Evaluation Report Summary–Natural Resource Land;  
Office of Legislative Auditor (OLA), March 2010.

## Discussion

**Attachments A and B** provides some good history and definitions by a State expert on the PILT program. Opinions expressed about new concerns since the PILT overhaul in 2000 raise some questions to deliberate, but do not provide any answers.

The OLA Natural Resource Report Summary (**Attachment C**) does not provide substantive conclusions about the adequacy of PILT payments to local governments due to lack of data available to quantify positive or negative factors affecting local government finances.

What we do know is that the “cost of public services” is consistent regardless of ownership or higher because land is public. The road and emergency costs are paid for by taxes on the over 90% private ownership counties, while the over 50% public ownership counties have the same or higher costs but are not fully covered because of the absence of taxable lands. This is why there is the need for PILT. Recovering those costs associated with having tax-exempt natural resource land is critically important to the fiscal health of local governments.

Supporting the current language of M.S. 97A.061 and M.S. 477A.11-.145 is very important to northern forested counties because substantial local expenses are incurred each and every year. PILT payments *should* reflect the increasing cost of doing business over time.

Being that PILT payments are largely a tax issue, the DOR may be a better home for the administration of the program (in cooperation with the DNR).

Tax-exempt natural resource lands are very important to the State because they are there for all citizens of the state to use as well as out-of-state visitors. In addition, those natural resource lands provide numerous ecological values and contribute substantial stability to the State’s economic well-being. That portion of the PILT payment directed to investment in county-administered other natural resources land is also very important to the State. Next to industry ownership, County lands are the most stable source of timber and State lands are the second most stable source of timber. Having security of supply is a cornerstone of a healthy forest products industry which in turn is a cornerstone of the state’s economy (**See Attachment D**).

If having land in public ownership is the policy of the State and in the best interest of the citizens of the State, then all the taxpayers of the State should contribute a fair-share in the costs of the land being public.

## Recommendation

#1 -- That the Itasca County Board of Commissioners support the current language of M.S. 97A.061 (**Attachment E**) and M.S. 477A.11-.145 (**Attachment F**).

#2 – That the Itasca County Board of Commissioners support moving the administration of the PILT program to the Department of Revenue.

# ATTACHMENT A

## Payment In Lieu of Taxes - PILT

The concept of the state making payments to local taxing districts to help defray costs for services that local government supplied in support of Natural Resource Lands dates back a number of decades (beginning in the 1940s). At that time the payments primarily consisted of a portion of income earned from state-owned lands. This practice resulted in annual payments that were sporadic and highly variable since they were dependant on activities that were seldom constant (such as timber cutting, which for any given parcel of land was highly variable or even non-existent from one year to the next).

Today the method of reimbursing local government for services rendered is referred to as "Payment in Lieu of Taxes", or PILT. PILT is basically a local aid payment made from the state to counties. The payment is made in lieu of property taxes on "Natural Resources Lands" for which the state holds fee title interest and which are administered by either the commissioner of natural resources or, in the case of tax-forfeited lands, by the county. The manner of calculating the payments; the payments' intended uses; and the means by which distribution is directed are described in two statutes (M.S. 97A.061 and M.S. 477A.11 through .145).

Minnesota Statute 97A.061 exclusively addresses hunting related natural resources lands. The other set of statutes, in Chapter 477A, deal with all natural resources lands, including the hunting related lands. The two PILT statutes act in tandem for the hunting lands, with those lands receiving the greater of either the 97A.061 or the 477A payment. The greatest difference between the two PILT statutes is in the manner of distribution to local taxing districts. For hunting related lands the payment is to be treated as if it were a tax on the land. So counties, townships and school districts share the payment. For the non-hunting lands, distribution of the payment follows a statutorily described formula that only directs payments to counties and towns.

During the late 1970s and early 1980s the two statutes in Chapters 97A and 477A were debated and ultimately became law. Payments by the state shifted from the sharing of earned income, to payments based on statutorily specified per acre rates. The desire was that payments would become more consistent from one year to the next. Unfortunately, however, the concept of sharing revenue was also carried forward for a number of years, leading to a rather confusing means of payment. During the 1980s and early 1990s a number of amendments were made to the PILT laws with each change addressing a particular issue but none completely resolving confusion and some just increasing payment complexity.

In 1995 a significant new payment option was introduced into law. This option allowed the calculation of PILT, for a small percentage of certain lands, to be based on the land's appraised value. This change elevated an issue of just compensation that had existed from the beginning of the PILT program. Between 1980 and 1995 the per acre payment rates had not changed but had remained frozen at the 1980 payment levels, with no consideration having been given to the impact of inflation on PILT. When the option of being paid based on appraised land values was introduced it brought with it an automatic

way of compensating for inflation. The 1995 law required appraised values be adjusted by the county assessors every five years, meaning that as land values increased the PILT payments would follow suite. Unfortunately, this amendment impacted less than 10 percent of the land upon which PILT was paid, and left the majority of the payments stuck at the 1980 payment levels.

Many of the issues that had plagued PILT since its beginnings in 1980 were seemingly resolved by an overhaul of the PILT laws in 2000. These included:

- The confusing interrelationships between payments from revenue earned off the land and direct per acre payments from the General Fund were resolved;
- Indexed inflationary payments were introduced for lands not eligible for payments based on appraised value; and
- Certain lands were redefined so as to receive payments commensurate with the rates paid on similarly managed lands.

Since the 2000 PILT overhaul, new concerns have arisen:

- Inflation has drastically raised PILT;
- The appraised value of acquired lands has far exceeded the inflationary index that is used to adjust the PILT payments for the other lands;
- There is a question of whether the payment formula used in conjunction with appraised land value has the same meaning in today's economy in comparison to when it was developed over 28 years ago; and
- In some cases governmental units conducting the activities that PILT was designed to support do not share in the payments.

Paul Pojar  
Department of Natural Resources  
Division of Lands and Minerals  
November 2008

## PILT Payments to Counties – A Primer

There are three classifications of land (as determined by MS 977A) upon which PILT is paid:

- DNR Acquired Natural Resources Land
- DNR Managed Other Natural Resources Land;
- County Managed Other Natural Resources Land

PILT is only paid on lands held in fee title – not for conservation easements.

**DNR Acquired Natural Resources Land.** This is:

1. Land that was on the tax rolls at the time the DNR acquired the title; and
2. Con-Con land that is managed by the DNR as a WMA, SNA, State Park or State Recreation Area.

The payment rate for these lands is the greater of either  $\frac{3}{4}$  of 1% of the Estimated Market Value all the DNR Acquired Natural Resources Land in the county or a \$/Acre amount that annually changes with inflation (\$5.114 per acre in July 2009) times the total number of acres of Acquired Natural Resources Land in the county (see map on back).

**DNR Managed Other Natural Resources Land.** This is:

1. Permanent School Trust Land;
2. Permanent University Trust Land;
3. County Board Resolution Land (formerly aka 50-50 Lands);
4. Con-Con Land not managed by the DNR as a WMA, SNA, State Park or State Recreation Area.

The payment rate for these lands a \$/Acre amount that annually changes with inflation (\$0.639 per acre in July 2009) times the total number of acres of DNR Managed Other Natural Resources Land in the county.

**County Managed Other Natural Resources Land.** This is land that has forfeited for non-payment of property taxes and for which the surface is managed by the county for the benefit of the local taxing districts.

The payment rate for these lands a \$/Acre amount that annually changes with inflation (\$1.278 per acre in July 2009) times the total number of acres of County Managed Other Natural Resources Land in the county.

**PILT oddities.** The state pays PILT on Land Utilization Project (LUP) parcels. This is land owned by the federal government (located in Beltrami, Lake of the Woods, and Roseau counties) that is leased by and managed by the DNR for wildlife purposes.

The payment rate for these lands a \$/Acre amount that annually changes with inflation (\$1.278 per acre in July 2009) times the total number of LUP acres in the county.

**Public Hunting Areas and Game Refuges.** These are lands that receive a form of PILT from the state. The payment for these lands is regulated by MS 97A.061. The relationship of this payment with the main PILT payment (described above) is complex and to avoid confusion is not described herein.

**Lands owned and managed by state agencies other than DNR.** Only the DNR pays PILT in accordance with MS 477A. 11 through .145.

Paul Pojar  
Div. of Lands and Minerals  
September 2009





Evaluation Report Summary / March 2010

## Natural Resource Land

### Major Findings:

- While its long-range plans propose significant future acquisitions of land, the Department of Natural Resources (DNR) appears to lack adequate resources to manage and maintain its current land holdings.
- However, except for state parks and trails, DNR has not prepared a long-range budget analysis that compares its ongoing land management needs to its current or projected funding levels.
- DNR has been working to manage its land assets, although progress has been limited sometimes due to factors beyond the agency's control.
- More work is needed to address the inefficient checkerboard pattern of state forest land ownership in northern Minnesota.
- DNR lacks a comprehensive management program to protect the state's investment in conservation easements, but is developing one.
- An unclear statutory purpose and a lack of data make it difficult to determine the adequacy of payments in lieu of taxes (PILT) made to local governments with state natural resource land within their boundaries.

- Nevertheless, we determined that PILT is generally more than adequate in replacing the property taxes lost by counties when DNR acquires nonhunting land.

### Recommendations:

- As has been required for state parks and trails, the Legislature should require DNR to prepare a long-range budget analysis that compares annual budget needs for other DNR-managed lands with estimated funding. The analysis should also examine the impact of additional acquisitions.
- The Legislature should review the analysis and, in particular, DNR's assumptions about the land management and other activities that are necessary for the operation of DNR land and facilities.
- DNR should continue to evaluate its current land holdings and conduct additional land evaluation projects with counties.
- DNR should implement a comprehensive conservation easement management plan that recognizes the need for baseline reports and periodic monitoring.
- The Legislature should review the appropriateness of the current distribution of PILT among various types of local governments.

**The Department of Natural Resources (DNR) appears to lack adequate resources to manage and maintain its current land holdings.**

## Report Summary

About one-fourth of the land in Minnesota is owned by government agencies, and the vast majority of publicly owned land is natural resource land owned by the state or federal government. State land includes 5.6 million acres managed by DNR, or about 11 percent of the land in Minnesota. Among the lands managed by DNR are forests, wildlife management areas, parks, trails, aquatic management areas, scientific and natural areas, and water access sites. The state also owns 2.8 million acres of tax-forfeited land in trust for local governments. This land, which is primarily forest land, is managed by counties and accounts for about 6 percent of the land in Minnesota.

**The Legislature needs more information from DNR comparing the costs of managing existing lands with current or projected funding levels.**

In addition to owning land, the state has purchased conservation easements on private land that limit development or land uses. DNR has over 1,100 conservation easements, including easements on trout streams, forests, native prairies, wetlands, and scenic vistas. The Board of Water and Soil Resources (BWSR) has purchased more than 5,100 easements on wetlands and farmland.

**DNR's long-range plans propose significant growth in state-owned land, but DNR appears to lack adequate resources to manage and maintain its current land holdings.**

A number of plans prepared by DNR or advisory groups recommend significant acquisitions of land and conservation easements. For example, an increase of 64 percent is recommended for wildlife management areas, while an increase of over 300 percent is recommended for aquatic management areas. The goals for most areas are high, except for state forests and other forest land where an increase of 3 to 6 percent is proposed.

Despite these ambitious proposals, DNR does not appear to have adequate resources to manage and maintain its

current land holdings. For example, there are deferred capital maintenance needs of over \$125 million for state parks, trails, and other recreational facilities; an \$8 million backlog of road and bridge needs for state forests; and an \$8.7 million backlog of activities needed to bring existing scientific and natural areas and native prairie bank properties into appropriate condition.

**Except for parks and trails, DNR has not prepared a long-range budget analysis that compares its ongoing land management needs with current or projected funding levels.**

The 2009 Legislature required DNR to prepare a 25-year budget analysis that compares park and trail needs with funding. The analysis highlighted the systems' deferred rehabilitation needs as well as a projected \$6 million per year shortfall in funding for operations and maintenance.

Analysis for other land holdings is needed for policymakers to understand the extent to which DNR lacks the resources to manage and maintain existing DNR land. For wildlife management areas, an even more basic analysis is needed since DNR lacks internal systemwide guidelines on the proper frequency for activities such as controlled burns, tree and woody biomass removal, and brushland management. This information would help the Legislature determine the extent to which the state should acquire additional natural resource land.

**DNR has made efforts in recent years to manage its land assets, but more work is needed.**

DNR has made efforts in recent years to reevaluate its land holdings, sell surplus or lower quality land, and exchange land with counties. The agency's progress has been limited, although sometimes by factors beyond its control.

**Although DNR has made significant efforts in recent years, more work is needed to strategically adjust its land holdings and develop a comprehensive easement management program.**

But more work is needed because there is still an inefficient checkerboard pattern of state forest land ownership, particularly in northern Minnesota where both the state and counties manage public natural resource land. In addition, we think that more projects, like DNR's pilot project with Roseau County, are needed, particularly in those northern counties with significant percentages of state land. Among the actions that should be considered are the sale of surplus land, exchanges of land with counties, and the acquisition of land or easements to address access issues.

Action is also needed to address the longstanding concerns about school trust fund land in the Boundary Waters Canoe Area that does not earn much income. But addressing that problem will require cooperation from state and federal policymakers.

**DNR lacks a comprehensive management program to protect the state's investment in conservation easements, but is developing one.**

It is important for agencies responsible for managing conservation easements to document baseline property conditions when an easement is acquired and to periodically monitor the property for compliance with the easement. Without such information, a private property owner could alter the conditions on the property and defeat the purpose of the easement.

BWSR already has policies or rules in place that address the need for baseline reports and periodic monitoring. But DNR lacks an agency-wide program for managing its conservation easements.

Some DNR divisions have incorporated monitoring into their programs. However, there has been a lack of consistency across the agency. A 2002 internal department workgroup found significant gaps in the agency's knowledge about the types of

easements held by the agency and responsibilities for managing them. Due to a legislative grant and mandate, DNR is compiling an inventory of its conservation easements and developing management plans for the various types of conservation easements under its control.

**The state's payments in lieu of taxes (PILT) have generally been a reliable and growing source of revenues for local governments with state land within their boundaries.**

In recognition of the potential fiscal impacts of state-owned land, the state makes payments in lieu of taxes to counties, townships, and sometimes school districts. Since 1980, the state has made these payments for all DNR natural resource land, as well as county-administered tax-forfeited land. The payments have been made for each year starting in 1980, although some payments were delayed in the early 1980s. On a per-acre basis, the 2009 payments of \$21.9 million represent an increase of more than 30 percent over the 1980 payments adjusted for inflation. However, payments have not kept pace with inflation in some counties with little acquired land.

**An unclear statutory purpose and lack of data make it difficult to assess the adequacy of PILT provided by the state to local governments.**

State law does not sufficiently define the purpose of PILT payments. As a result, it is difficult to use state law as a guide in assessing the adequacy of PILT.

Alternatively, we considered the various ways in which state land affects local government finances. For private land acquired by DNR, the main fiscal impact is reduced property tax revenue. Public ownership of land may also affect the costs of providing local government services, but these costs may either increase or decrease depending on the particular type of

**While the overall adequacy of PILT is difficult to assess, PILT is more than adequate in replacing property taxes lost by counties when the state acquires non-hunting land.**

land involved, its prior use, and its subsequent use by the public. Negative fiscal impacts may be offset to some extent by a number of factors including: (1) increased state aids to counties, cities, and school districts; (2) the economic impact of visitors to state parks and other land; (3) increased values of property adjacent to public land; and (4) revenues generated from certain state lands and distributed to local governments.

We were not able to quantify these factors, however, because data are not available to measure the impact that state land has on local government service costs or on adjacent property values. In addition, it would be difficult to measure the economic impact of visitors and their indirect effect on local government finances.

**PILT is generally more than adequate in replacing the property taxes lost by counties when DNR acquires nonhunting land.**

Although a comprehensive examination of the fiscal impacts of state land was not possible, we were able to measure the adequacy of PILT in replacing property tax revenue lost when private land is sold to DNR. For all acquired lands except hunting lands, counties receive most of the PILT.

Townships receive no more than 10 percent of the PILT, and often much less than 10 percent, even though the median township share of combined county and township taxes is close to 20 percent.

Our estimates suggest that, in about 90 percent or more of the counties, the PILT paid in 2009 on acquired state land exceeded the combined county and township property taxes on similar private land, and sometimes by a significant percentage. These results suggest that the PILT counties receive for most acquired land is generally greater than the property taxes they receive on comparable private land. Townships do not receive a fair share of the PILT, but whether they are adequately compensated is unclear.

PILT for acquired hunting lands is distributed to counties, townships, and school districts. It is unclear whether school districts should receive PILT since their revenues are largely unaffected by state land acquisitions due to state funding formulas and education aids. In some cases, land acquisition may increase school district tax rates, but overall revenues would be unaffected.

### Summary of Agency Response

*In a letter dated March 1, 2010, Minnesota Department of Natural Resources Commissioner Mark Holsten said that: "The major findings in the Natural Resource Lands report support the efforts and direction of the department, and many of the recommendations direct DNR to continue its efforts toward land management goals." The commissioner agreed with most of the recommendations in the report, although he only partially agreed with the recommendation to conduct a long-range budget analysis and disagreed with the recommendation for more detailed management and cost information for proposed acquisitions.*

The full evaluation report, *Natural Resource Land*, is available at 651-296-4708 or:  
[www.auditor.leg.state.mn.us/ped/2010/nrland.htm](http://www.auditor.leg.state.mn.us/ped/2010/nrland.htm)

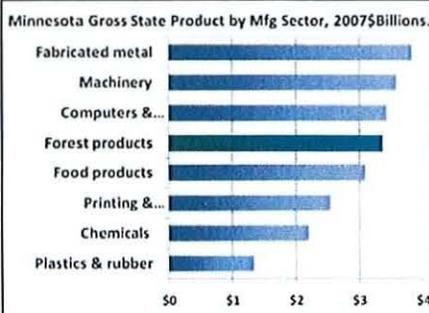


# Minnesota's Forest Economy

## Fact Sheet – 2010

**The forest products industry is a cornerstone of the state's economy:**

❖ **4th largest manufacturing sector in Minnesota**



❖ **89,500 jobs total employment effect**

❖ **10 percent of all state manufacturing shipments**

❖ **\$530 million total state & local tax payments**

❖ **8th ranked nationally in forest industry value added per capita**



### Direct Economic Effect<sup>1</sup>

Employment	40,400 jobs
Annual Payroll	\$1.8 billion
Value of Shipments	\$10.4 billion
Value Added	\$3.2 billion
State & Local Tax Payments	\$220 million

### Total Economic Effect<sup>1,2</sup>

Employment Effect	89,500 jobs
Output Effect	\$18.0 billion
Value Added Effect	\$7.3 billion
State & Local Tax Payments	\$530 million

### Manufacturing & Energy Facilities

Pulp & Paper Mills	5
Recycled Pulp & Paper Mills	3
Hardboard & Specialty Plants	3
OSB <sup>2</sup> / Structural Panel Plants	2
Sawmills	500+
Specialty Businesses	150
Secondary Manufacturers	800+
Renewable Energy <sup>4</sup>	14

### Timber Harvest

Pulpwood	2.3 million cords <sup>5</sup>
Sawlogs & Specialty Products	250 million board feet <sup>6</sup>
Commercial Fuelwood	300,000 cords
Residential Fuelwood	180,000 cords

### Forest Land<sup>7</sup> (thousand acres)

Federal	2,956
State	3,773
County & Municipal	2,664
Forest Industry / Corp.	759
Family Forest	6,528
<b>Total</b>	<b>16,680</b>

#### Notes:

<sup>1</sup>Includes forestry and logging.

<sup>2</sup>Economic multipliers account for the indirect and induced effects of inter-industry and household spending respectively.

<sup>3</sup>OSB = oriented strand board.

<sup>4</sup>Includes: electricity generation, combined heat & power, and fuel pellet mfg facilities with >10,000 cord annual consumption.

<sup>5</sup>Cord = 79 cubic feet of solid wood.

<sup>6</sup>Board foot = a piece of wood 1 inch by 12 inches by 12 inches.

<sup>7</sup>Source: USDA Forest Service, 2002. Forest Resources of the U.S.

**97A.061 PAYMENT IN LIEU OF TAXES.**

Subdivision 1. **Applicability; amount.** (a) The commissioner shall annually make a payment to each county having public hunting areas and game refuges. Money to make the payments is annually appropriated for that purpose from the general fund. Except as provided in paragraph (b), this section does not apply to state trust fund land and other state land not purchased for game refuge or public hunting purposes. Except as provided in paragraph (b), the payment shall be the greatest of:

(1) 35 percent of the gross receipts from all special use permits and leases of land acquired for public hunting and game refuges;

(2) 50 cents per acre on land purchased actually used for public hunting or game refuges; or

(3) three-fourths of one percent of the appraised value of purchased land actually used for public hunting and game refuges.

(b) The payment shall be 50 percent of the dollar amount adjusted for inflation as determined under section 477A.12, subdivision 1, paragraph (a), clause (1), multiplied by the number of acres of land in the county that are owned by another state agency for military purposes and designated as a game refuge under section 97A.085.

(c) The payment must be reduced by the amount paid under subdivision 3 for croplands managed for wild geese.

(d) The appraised value is the purchase price for five years after acquisition. The appraised value shall be determined by the county assessor every five years after acquisition.

Subd. 2. **Allocation.** (a) Except as provided in subdivision 3, the county treasurer shall allocate the payment among the county, towns, and school districts on the same basis as if the payments were taxes on the land received in the year. Payment of a town's or a school district's allocation must be made by the county treasurer to the town or school district within 30 days of receipt of the payment to the county. The county's share of the payment shall be deposited in the county general revenue fund.

(b) The county treasurer of a county with a population over 39,000 but less than 42,000 in the 1950 federal census shall allocate the payment only among the towns and school districts on the same basis as if the payments were taxes on the lands received in the current year.

(c) If a town received a payment in calendar year 2006 or thereafter under this subdivision, and subsequently incorporated as a city, the city will continue to receive any future year's allocations that would have been made to the town had it not incorporated, provided that the payments will terminate if the governing body of the city passes an ordinance that prohibits hunting within the boundaries of the city.

Subd. 3. **Goose management croplands.** (a) The commissioner shall make a payment on July 1 of each year to each county where the state owns more than 1,000 acres of crop land, for wild goose management purposes. The payment shall be equal to the taxes assessed on comparable, privately owned, adjacent land. Money to make the payments is annually appropriated for that purpose from the general fund. The county treasurer shall allocate and distribute the payment as provided in subdivision 2.

(b) The land used for goose management under this subdivision is exempt from taxation as provided in sections 272.01 and 273.19.

Subd. 4. **Offset of payments.** Payments to a county or town under this section must be reduced by the amount of payment to that county or town under section 477A.12 for the same lands in the same year.

Subd. 5. **Allocation of payments.** Notwithstanding section 477A.14, the amounts paid to a county under section 477A.14 for lands that are also subject to payment under this section shall be allocated within the county in accordance with subdivision 2.

**History:** 1986 c 383 s 15; 1986 c 386 art 1 s 11; 1987 c 404 s 117; 1993 c 375 art 17 s 3,4; 1994 c 561 s 4,5; 2000 c 490 art 6 s 1,2; 1Sp2005 c 1 art 2 s 96; 2008 c 154 art 2 s 1

## **477A.11 NATURAL RESOURCES LANDS, PAYMENTS IN LIEU; DEFINITIONS.**

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### **Subdivision 1. Terms.**

For the purpose of sections [477A.11](#) to [477A.145](#), the terms defined in this section have the meanings given them.

### **Subd. 2. Commissioner.**

"Commissioner" means the commissioner of natural resources.

### **Subd. 3. Acquired natural resources land.**

"Acquired natural resources land" means:

(1) any land presently administered by the commissioner in which the state acquired by purchase, condemnation, or gift, a fee title interest in lands which were previously privately owned; and

(2) lands acquired by the state under chapter 84A that are designated as state parks, state recreation areas, scientific and natural areas, or wildlife management areas.

### **Subd. 4. Other natural resources land.**

"Other natural resources land" means any other land presently owned in fee title by the state and administered by the commissioner, or any tax-forfeited land, other than platted lots within a city or those lands described under subdivision 3, clause (2), which is owned by the state and administered by the commissioner or by the county in which it is located.

### **Subd. 5. Land utilization project land.**

"Land utilization project land" means land that is leased by the state from the United States through the United States Secretary of Agriculture according to Title III of the Bankhead Jones Farm Tenant Act and that is administered by the commissioner.

### **History:**

*1979 c 303 art 8 s 1; 1990 c 604 art 4 s 16; 2000 c 485 s 18, 19; 2000 c 490 art 6 s 10; 1Sp2005 c 3 art 1 s 31, 32*

**477A.12 ANNUAL APPROPRIATIONS; LANDS ELIGIBLE; CERTIFICATION OF ACREAGE.**

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**Subdivision 1. Types of land; payments.**

(a) As an offset for expenses incurred by counties and towns in support of natural resources lands, the following amounts are annually appropriated to the commissioner of natural resources from the general fund for transfer to the commissioner of revenue. The commissioner of revenue shall pay the transferred funds to counties as required by sections 477A.11 to 477A.145. The amounts are:

(1) for acquired natural resources land, \$3, as adjusted for inflation under section 477A.145, multiplied by the total number of acres of acquired natural resources land or, at the county's option three-fourths of one percent of the appraised value of all acquired natural resources land in the county, whichever is greater;

(2) 75 cents, as adjusted for inflation under section 477A.145, multiplied by the number of acres of county-administered other natural resources land;

(3) 75 cents, as adjusted for inflation under section 477A.145, multiplied by the total number of acres of land utilization project land; and

(4) 37.5 cents, as adjusted for inflation under section 477A.145, multiplied by the number of acres of commissioner-administered other natural resources land located in each county as of July 1 of each year prior to the payment year.

(b) The amount determined under paragraph (a), clause (1), is payable for land that is acquired from a private owner and owned by the Department of Transportation for the purpose of replacing wetland losses caused by transportation projects, but only if the county contains more than 500 acres of such land at the time the certification is made under subdivision 2.

**Subd. 2. Procedure.**

Lands for which payments in lieu are made pursuant to section 97A.061, subdivision 3, and Laws 1973, chapter 567, shall not be eligible for payments under this section. Each county auditor shall certify to the Department of Natural Resources during July of each year prior to the payment year the number of acres of county-administered other natural resources land within the county. The Department of Natural resources may, in addition to the certification of acreage, require descriptive lists of land so certified. The commissioner of natural resources shall determine and certify to the commissioner of revenue by March 1 of the payment year:

(1) the number of acres and most recent appraised value of acquired natural resources land within each county;

(2) the number of acres of commissioner-administered natural resources land within each county;

(3) the number of acres of county-administered other natural resources land within each county, based on the reports filed by each county auditor with the commissioner of natural resources; and

(4) the number of acres of land utilization project land within each county.

The commissioner of transportation shall determine and certify to the commissioner of revenue by March 1 of the payment year the number of acres of land and the appraised value of the land described in subdivision 1, paragraph (b), but only if it exceeds 500 acres.

The commissioner of revenue shall determine the distributions provided for in this section using the number of acres and appraised values certified by the commissioner of natural resources and the commissioner of transportation by March 1 of the payment year.

**Subd. 3. Determination of appraised value.**

For the purposes of this section, the appraised value of acquired natural resources land is the purchase price for the first five years after acquisition. The appraised value of acquired natural resources land received as a donation is the value determined for the commissioner of natural resources by a licensed appraiser, or the county assessor's estimated market value if no appraisal is done. The appraised value must be determined by the county assessor every five years after the land is acquired.

**History:**

*1979 c 303 art 8 s 2; 1986 c 386 art 4 s 29; 1986 c 444; 1994 c 632 art 2 s 54; 1995 c 220 s 125; 2000 c 490 art 6 s 11; 1Sp2001 c 5 art 3 s 80; 1Sp2005 c 3 art 1 s 33,34*

**477A.13 TIME OF PAYMENT, DEDUCTIONS.**

Payments to the counties of the amounts determined under section 477A.12 must be made by the commissioner of revenue from the general fund at the time provided in section 477A.015 for the first installment of local government aid.

**History:**

*1979 c 303 art 8 s 3; 1Sp1981 c 3 s 12; 1984 c 502 art 3 s 26; 1986 c 386 art 4 s 30; 1990 c 604 art 4 s 17; 1993 c 13 art 2 s 16; 2000 c 490 art 6 s 12*

#### **477A.14 USE OF FUNDS.**

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##### **Subdivision 1. General distribution.**

Except as provided in subdivision 2 or in section 97A.061, subdivision 5, 40 percent of the total payment to the county shall be deposited in the county general revenue fund to be used to provide property tax levy reduction. The remainder shall be distributed by the county in the following priority:

(a) 37.5 cents, as adjusted for inflation under section 477A.145, for each acre of county-administered other natural resources land shall be deposited in a resource development fund to be created within the county treasury for use in resource development, forest management, game and fish habitat improvement, and recreational development and maintenance of county-administered other natural resources land. Any county receiving less than \$5,000 annually for the resource development fund may elect to deposit that amount in the county general revenue fund;

(b) From the funds remaining, within 30 days of receipt of the payment to the county, the county treasurer shall pay each organized township 30 cents, as adjusted for inflation under section 477A.145, for each acre of acquired natural resources land and each acre of land described in section 477A.12, subdivision 1, paragraph (b), and 7.5 cents, as adjusted for inflation under section 477A.145, for each acre of other natural resources land and each acre of land utilization project land located within its boundaries. Payments for natural resources lands not located in an organized township shall be deposited in the county general revenue fund. Payments to counties and townships pursuant to this paragraph shall be used to provide property tax levy reduction, except that of the payments for natural resources lands not located in an organized township, the county may allocate the amount determined to be necessary for maintenance of roads in unorganized townships. Provided that, if the total payment to the county pursuant to section 477A.12 is not sufficient to fully fund the distribution provided for in this clause, the amount available shall be distributed to each township and the county general revenue fund on a pro rata basis; and

(c) Any remaining funds shall be deposited in the county general revenue fund. Provided that, if the distribution to the county general revenue fund exceeds \$35,000, the excess shall be used to provide property tax levy reduction.

##### **Subd. 2. Distribution for consolidated conservation lands.**

In the case of payments for consolidated conservation land, at least 15 percent of the amount paid on account of that land under section 477A.12 must be

distributed to the county for use as provided in section 84A.51, subdivision 4, clause (1). The remainder of the payment under section 477A.12 will be distributed in proportion to the distributions described in subdivision 1.

**History:**

*1979 c 303 art 8 s 4; 1993 c 375 art 17 s 20; 1994 c 632 art 2 s 55; 1995 c 220 s 126; 1998 c 389 art 3 s 26; 2000 c 490 art 6 s 13; 1Sp2001 c 5 art 3 s 81; 2002 c 353 s 3; 1Sp2005 c 3 art 1 s 35*

**477A.145 INFLATION ADJUSTMENT.**

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In 2001 and each year thereafter, the amounts required to be adjusted for inflation in sections 477A.12 and 477A.14 shall be increased to an amount equal to: (1) the amount before the inflation adjustment multiplied by (2) one plus the percentage increase in the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysis of the United States Department of Commerce for the period indicated below:

(i) the period starting with the first quarter of 1994 and ending with the third quarter of the calendar year prior to the year in which aid is paid, provided that lands acquired by the state under chapter 84A that are designated as state parks, state recreation areas, scientific and natural areas, or wildlife management areas are included in the definition of acquired natural resource land under section 477A.11 for calculating payments in calendar year 2001 and thereafter;

(ii) otherwise the period starting with the first quarter of 1987 and ending with the third quarter of the calendar year prior to the year in which the aid is paid.

These adjusted amounts must be rounded to the nearest one-tenth of a cent.

**History:**

*2000 c 490 art 6 s 14*



Aitkin	Carlton	Cook	Itasca	Lake of the Woods
Becker	Cass	Crow Wing	Koochiching	Pine
Beltrami	Clearwater	Hubbard	Lake	St. Louis

**Lake County Land Commissioner Tom Martinson moved the adoption of the following resolution:**

**Support for State Payments-in-Lieu-of-Taxes (PILT)  
for Northern Minnesota Forested Counties**

WHEREAS, the concept of the state making payments to local taxing districts to help defray costs for local government services provided in support of tax-exempt natural resource lands has been in existence since the 1940's, and

WHEREAS, results of a late 1970's study concluded that local government service costs were consistent regardless of ownership or higher because land is public, and

WHEREAS, also in the late 70's, the federal government recognized its obligation to help defray costs that local government services provided in support of tax-exempt natural resource lands and established federal payments in lieu of taxes on certain federal natural resource lands, and

WHEREAS, following suit with these actions, the 1979 State Legislature approved what is known today as State Payments-in-Lieu-of-Taxes (PILT) for tax-exempt natural resource lands, and

WHEREAS, that considerable deliberation continued over the years to improve PILT reimbursement resulted in an overhaul of the PILT laws in 2000 that is still in place today now, therefore be it

RESOLVED, that the Minnesota Association of County Land Commissioners support the current language of M.S. 97A.061 and M.S. 477A.11-.145 and, be it further

RESOLVED, that the Minnesota Association of County Land Commissioners support moving the administration of the PILT program to the Department of Revenue.

**St. Louis County Land Commissioner Bob Krepps seconded the motion for the adoption of the resolution and it was declared adopted upon a unanimous vote of those present at the December 15, 2011 MACLC meeting.**

CERTIFIED COPY OF RESOLUTION OF COUNTY BOARD OF AITKIN COUNTY, MINNESOTA

ADOPTED January 11, 2011

By Commissioner: Marcotte

011111-006

**PILT for Northern Minnesota Forested Counties**

**WHEREAS**, the concept of the state making payments to local taxing districts to help defray costs for local government services provided in support of tax-exempt natural resource lands has been in existence since the 1940's, and

**WHEREAS**, results of a late 1970's study concluded that local government service costs were consistent regardless of ownership or higher because land is public, and

**WHEREAS**, also in the late 1970's, the federal government recognized its obligation to help defray costs that local government services provided in support of tax-exempt natural resource lands and established federal payments in lieu of taxes on certain federal natural resource lands, and

**WHEREAS**, following suit with these actions, the 1979 State Legislature approved what is known today as State Payments-in-Lieu-of-Taxes (PILT) for tax-exempt natural resource lands, and

**WHEREAS**, that considerable deliberation continued over the years to improve PILT reimbursement resulted in an overhaul of the PILT laws in 2000 that is still in place today.

**NOW THEREFORE BE IT RESOLVED**, that the Aitkin County Board of Commissioners support the current language of M.S. 97A.061 and M.S. 477A.11-145 and its' funding.

**BE IT FURTHER RESOLVED**, that the Aitkin County Board of Commissioners supports moving the administration of the PILT program to the Department of Revenue.

Commissioner Wedel moved the adoption of the resolution and it was declared adopted upon the following vote

FIVE MEMBERS PRESENT

All Members Voting Yes

STATE OF MINNESOTA)  
County of Aitkin ) ss.  
Office of County Auditor.)

I, Kirk Peysar, Auditor, of the County of Aitkin, do hereby certify that I have compared the foregoing with the original resolution filed in my office on the 11<sup>th</sup> day of January A.D., 2011, and that the same is a true and correct copy of the whole thereof.

WITNESS MY HAND AND SEAL OF OFFICE at Aitkin, Minnesota, this 11<sup>th</sup> day of January A.D., 2011

  
KIRK PEYSAR, County Auditor  
BY \_\_\_\_\_, Deputy



# BELTRAMI COUNTY

Board of County Commissioners

February 2, 2011

Senator Rod Skoe  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
State Office Building, Room 107  
St. Paul, MN 55155-1206

Senator John Carlson  
75 Rev. Dr. Martin Luther King Jr. Blvd.  
Capitol Building, Room 320  
St. Paul, MN 55155-1606

Rep. John Persell  
223 State Office Building  
100 Rev. Dr. MLK Jr. Blvd.  
Saint Paul, MN 55155

Representative David Hancock  
529 State Office Building  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
Saint Paul, Minnesota 55155

Dear Senators and Representatives,

As you know, the Beltrami County Board of Commissioners has consistently expressed strong support for the current provisions of state law regarding state payments-in-lieu-of-taxes (PILT) for state lands exempt from property taxes. According to the Beltrami County GIS Office, there are approximately 1,962,304 acres of land in Beltrami County. By geography, Beltrami County is the fourth largest county in Minnesota.

Of the 1,962,304 acres of land in Beltrami County, about...

- 555,166 acres are owned by the State of Minnesota - 28.29% of total acres
- 387,358 acres are owned by Tribal governments or the United States of America - 19.74%
- 349,840 acres are covered with water - 17.83%
- 151,697 acres are Beltrami County managed lands - 7.73%

When you add up all of the public lands, plus lands covered with water, about 73.59 percent of the acres are under public control and are therefore exempt from the payment of county property taxes. In fact, when you also consider that an additional 17,691 acres are owned by other tax-exempt organizations, only 500,642 acres, or 25.51%, of the land in Beltrami County is eligible to levy a property tax against. Another way to look at this issue is to realize that there is more land in Beltrami County owned by the State of Minnesota than there is land that is taxable.

It is of critical importance that the State of Minnesota, and the Minnesota State Legislature, honors the commitment it has made to counties to provide PILT funding.

The Beltrami County Board of Commissioners is aware of and fully supports recommendations that the

administration of State PILT be moved from the Department of Natural Resources to the Department of Revenue. We believe and trust that such a move will make PILT funding more secure and less political.

Again, we ask you to support the current PILT language contained in Minnesota Statutes and we also ask you to support moving the administration of PILT to the Minnesota Department of Revenue.

We welcome future discussions on this and any other legislative issues affecting counties during the Session. Thank you for your dedicated service.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Vene". The signature is fluid and cursive, with a long horizontal stroke at the end.

Joe Vene (District 2)  
Beltrami County Board Chair

cc: Association of Minnesota Counties  
Minnesota Association of County Land Commissioners

# Office Of The Carlton County Auditor/Treasurer

AUDITOR  
P.O. Box 130  
Carlton, Minnesota 55718-0130  
Telephone (218) 384-9127  
Facsimile (218) 384-9116

PAUL G. GASSERT  
*Auditor/Treasurer*  
  
Kathryn Kortuem  
*Chief Deputy Auditor/Treasurer*

TREASURER  
P.O. Box 160  
Carlton, Minnesota 55718-0160  
Telephone (218) 384-9125  
Facsimile (218) 384-9116

## \*\*\* RESOLUTION NO. 11-009\*\*\*

BY COMMISSIONER: Pihlman

ADOPTED: January 24, 2011

WHEREAS, the concept of the State of Minnesota making payments to local taxing jurisdictions to help defray costs for local government services provided in support of tax exempt natural resource lands has been in existence since the 1940's; and

WHEREAS, the results of a study completed in the 1970's concluded that local government service costs were consistent regardless of ownership or higher because said lands are public; and

WHEREAS, during the 1970's, the federal government recognized its obligation to help defray costs that local government services provided in support of tax exempt natural resource lands and established federal payments in lieu of taxes on certain federal natural resource lands; and

WHEREAS, following suit with the actions of the federal government, the 1979 Minnesota State Legislature approved what is known today as State Payments in Lieu of Taxes (PILT) for tax exempt natural resource lands; and

WHEREAS, considerable discussion has continued over the years to improve PILT reimbursement which resulted in an overhaul of the PILT laws in 2000 that is still in place today.

NOW, THEREFORE, BE IT RESOLVED that the Carlton County Board of Commissioners does hereby support the current language of Minnesota Statute 97A.061 and Minnesota Statute 477A.11 – 145 and the funding provided therein.

BE IT FURTHER RESOLVED, that the Carlton County Board of Commissioners does support moving the administration of the PILT Program to the Department of Revenue.

\*\*\*\*\*  
Upon motion by Pihlman, seconded by Brenner, and carried, the above resolution was adopted.

Yea votes: Bodie, Pihlman, Olean and Brenner

Nay votes: None

Absent: Proulx

I, Paul G. Gassert, Auditor of the County of Carlton, do hereby certify that I have compared the foregoing with the original resolution filed in my office on the 24th day of January 2011, and that the same is a true and correct copy of the whole thereof.

WITNESS MY HAND AND SEAL OF OFFICE in Carlton, Minnesota, this 24th day of January, 2011.

Paul G. Gassert  
Carlton County Auditor/Treasurer

CERTIFIED COPY OF RESOLUTION COUNTY BOARD OF CASS COUNTY

RESOLUTION 09-11

ADOPTED: February 1, 2011

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Commissioner Kangas offered Resolution No. 09-11 and moved its adoption, Commissioner Peterson seconded:

WHEREAS, the concept of the state making payments to local taxing districts to help defray cost for local government services provided in support of tax-exempt natural resource lands has been in existence since the 1940's, and

WHEREAS, the federal government recognized its obligation to help defray costs that local government services provided in support of tax-exempt natural resource lands and established federal payments in lieu of taxes on certain federal natural resource lands, and

WHEREAS, following suit with these actions, the 1979 State Legislature approved what is known today as State Payments-in-Lieu-of-Taxes (PILT) for tax exempt natural resource lands, and

WHEREAS, that considerable deliberation continued over the years to improve PILT reimbursement resulted in an overhaul of the PILT laws in 2000 that is still in place today.

THEREFORE, BE IT RESOLVED, that the Cass County Board of Commissioners support the current language of M.S. 97A.061 and M.S. 477A.11-145 and its' funding.

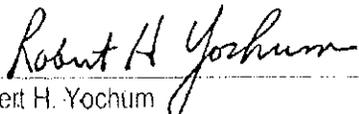
Resolution 09 -11 was adopted by majority vote: Ayes: Downham, Dowson, Gaalswyk, Kangas, Peterson. Nays. None.

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STATE OF MINNESOTA        }  
County of Cass                }    ss.  
Office of County Administrator    }

I, Robert H. Yochum, Administrator of the County of Cass, do hereby certify that I have compared the foregoing with the original resolution filed in my office on the 1<sup>st</sup> day of February A. D. 2011, and the same is a true and correct copy of the whole thereof.

WITNESS MY HAND AND SEAL OF MY OFFICE  
at Walker, Minnesota, this 1<sup>st</sup> day of February A. D. 2011

  
\_\_\_\_\_  
Robert H. Yochum  
County Administrator

**CLEARWATER COUNTY, MINNESOTA  
BOARD OF COMMISSIONERS  
County Board Resolution 2011**

Commissioner Newland moved the adoption of the following resolution:

**Support for State Payments-in-Lieu-of-Taxes (PILT)  
for Northern Minnesota Forested Counties**

WHEREAS, the concept of the state making payments to local taxing districts to help defray costs for local government services provided in support of tax-exempt natural resource lands has been in existence since the 1940's, and

WHEREAS, results of a late 1970's study concluded that local government service costs were consistent regardless of ownership or higher because land is public, and

WHEREAS, also in the late 70's, the federal government recognized its obligation to help defray costs that local government services provided in support of tax-exempt natural resource lands and established federal payments in lieu of taxes on certain federal natural resource lands, and

WHEREAS, following suit with these actions, the 1979 State Legislature approved what is known today as State Payments-in-Lieu-of-Taxes (PILT) for tax-exempt natural resource lands, and

WHEREAS, that considerable deliberation continued over the years to improve PILT reimbursement resulted in an overhaul of the PILT laws in 2000 that is still in place today now, therefore be it

RESOLVED, that the Clearwater County Board of Commissioners support the current language of M.S. 97A.061 and M.S. 477A.11-.145 and, be it further

RESOLVED, that the Clearwater County Board of Commissioners support moving the administration of the PILT program to the Department of Revenue.

Commissioner Chevallier seconded the motion for the adoption of the resolution and it was declared adopted upon the following vote:

Yeas 5 Nays 0 Other 0

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-----Certification-----

I hereby certify that the foregoing is a true and correct copy of a resolution presented to and adopted by the Clearwater County Board of Commissioners at a duly authorized meeting thereof, on the 18<sup>th</sup> day of January, 2011, as shown by the Minutes in my possession.

Emily McDougall  
Emily McDougall, Board Coordinator



# Cook County Board of Commissioners

COURTHOUSE • 411 W. 2<sup>nd</sup> St. • GRAND MARAIS, MINNESOTA 55604-2307 • (218) 387-3602 • FAX (218) 387-3042

District 1 Janice Hall  
District 2 Fritz Sobanja  
District 3 Robert Fenwick  
District 4 Jim Johnson  
District 5 Bruce Martinson

January 18, 2011

State Senator Tom Bakk  
226 Capitol  
75 Rev. Martin Luther King, Jr. Blvd.  
St. Paul, MN 55155-1606

Representative David Dill  
571 State Office Building  
100 Rev. Martin Luther King, Jr. Blvd.  
St. Paul, MN 55155

Dear Senator Bakk and Representative Dill:

This letter is being sent to express the Cook County Board of Commissioners' unanimous support of the provisions contained in MN Statutes 97A.061 and 477A.11-.145 regarding State PILT. Cook County is approximately 950,207 acres in size, but only 9.27% (88,109 acres) is taxable. Of the remaining tax-exempt property, approximately 70% (662,586 acres) is owned by the Federal government and 15.24% (144,828 acres) is owned by the State. Therefore, continued PILT funding is a critical issue for Cook County.

The Cook County Board also supports the recommendation of the MN Association of County Land Commissioners (MACLC) that administration of the State PILT program be moved from the Department of Natural Resources to the Department of Revenue. We believe such a move would make PILT funding more secure and less political.

We ask you to support the current PILT language as contained in Minnesota Statutes, and also to support moving the administration of the PILT program over to the Department of Revenue. Please contact me if you have any questions regarding this request being made by the Cook County Board of Commissioners. Thank you.

Sincerely,

JIM JOHNSON, Chair  
Cook County Board of Commissioners

cc: Minnesota Association of County Land Commissioners

**BOARD OF COUNTY COMMISSIONERS**  
**Crow Wing County, Minnesota**

**DATE: January 25, 2011**

**RESOLUTION #2011-08**

**OFFERED BY COMMISSIONERS: Franzen and Houge**

**CROW WING COUNTY SUPPORT FOR STATE PAYMENTS-IN-LIEU-OF-TAXES (PILT)  
FOR NORTHERN MINNESOTA FORESTED COUNTIES**

WHEREAS, the concept of the State making payments to local taxing districts to help defray costs for local government services provided in support of tax-exempt natural resource lands has been in existence since the 1940's, and

WHEREAS, results of a late 1970's study concluded that local government service costs were consistent regardless of ownership or higher because land is public, and

WHEREAS, also in the late 1970's, the federal government recognized its obligation to help defray costs that local government services provided in support of tax-exempt natural resource lands and established federal payments in lieu of taxes on certain federal natural resource lands, and

WHEREAS, following suit with these actions, the 1979 State Legislature approved what is known today as State Payments-in-Lieu-of-Taxes (PILT) for tax-exempt natural resource lands, and

WHEREAS, that considerable deliberation continued over the years to improve PILT reimbursement resulted in an overhaul of the PILT laws in 2000 that is still in place today.

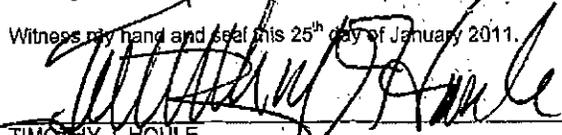
NOW, THEREFORE, BE IT RESOLVED the Board of Commissioners of Crow Wing County, Minnesota, supports the current language of Minnesota Statutes 97A.061 and 477A.11-.145.

BE IT FURTHER RESOLVED the Crow Wing County Board of Commissioners supports moving the administration of the PILT program to the Department of Revenue.

STATE OF MINNESOTA )  
COUNTY OF CROW WING) ss

I, Timothy J. Houle, County Administrator, Crow Wing County, Minnesota, hereby certify that I have compared the foregoing copy of the resolution of the county board of said county with the original record thereof on file in the Administration Office, Crow Wing County, Minnesota, as stated in the minutes of the proceedings of said board at a meeting duly held on January 25, 2011, and that the same is a true and correct copy of said original record and of the whole thereof, and that said resolution was duly passed by said board at said meeting.

Witness my hand and seal this 25<sup>th</sup> day of January 2011.

  
TIMOTHY J. HOULE  
COUNTY ADMINISTRATOR

	<u>YES</u>	<u>NO</u>
DISTRICT #1 – TRUSTY	X	_____
DISTRICT #2 – THIEDE	X	_____
DISTRICT #3 – NYSTROM	X	_____
DISTRICT #4 – FRANZEN	X	_____
DISTRICT #5 – HOUGE	X	_____

**RESOLUTION  
OF THE  
COUNTY BOARD OF COMMISSIONERS  
ITASCA COUNTY, MINNESOTA**

**Adopted December 21, 2010**

**Commissioner McLynn moved the adoption of the following resolution:**

**Resolution No. 12-10-03 (Page 1 of 1)**

**RE: SUPPORT FOR STATE PAYMENTS-IN-LIEU-OF-TAXES (PILT) FOR NORTHERN MINNESOTA  
FORESTED COUNTIES**

**WHEREAS**, the concept of the state making payments to local taxing districts to help defray costs for local government services provided in support of tax-exempt natural resource lands has been in existence since the 1940's, and

**WHEREAS**, results of a late 1970's study concluded that local government service costs were consistent regardless of ownership or higher because land is public, and

**WHEREAS**, also in the late 70's, the federal government recognized its obligation to help defray costs that local government services provided in support of tax-exempt natural resource lands and established federal payments in lieu of taxes on certain federal natural resource lands, and

**WHEREAS**, following suit with these actions, the 1979 State Legislature approved what is known today as State Payments-in-Lieu-of-Taxes (PILT) for tax-exempt natural resource lands, and

**WHEREAS**, that considerable deliberation continued over the years to improve PILT reimbursement resulted in an overhaul of the PILT laws in 2000 that is still in place today now, therefore be it

**RESOLVED**, that the Itasca County Board of Commissioners support the current language of M.S. 97A.061 and M.S. 477A.11-.145 and, be it further

**RESOLVED**, that the Itasca County Board of Commissioners support moving the administration of the PILT program to the Department of Revenue.

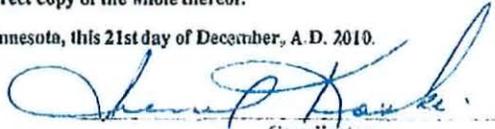
**Commissioner Eichorn seconded the motion for the adoption of the resolution and it was declared adopted upon the following vote:**

Yeas <u>  5  </u>	Nays <u>  0  </u>	District #1 <u>  Y  </u>	District #2 <u>  Y  </u>
Other <u>  N/A  </u>		District #3 <u>  Y  </u>	District #4 <u>  Y  </u>
		District #5 <u>  Y  </u>	

STATE OF MINNESOTA  
Office of County Coordinator  
ss. County of Itasca

I, IRENE C. KOSKI, Coordinator of County of Itasca, do hereby certify that I have compared the foregoing with the original resolution filed in my office on the 21st day of December A.D. 2010, and that the same is a true and correct copy of the whole thereof.

WITNESS MY HAND AND SEAL OF OFFICE at Grand Rapids, Minnesota, this 21st day of December, A.D. 2010.

  
Coordinator

By \_\_\_\_\_ Deputy

REGULAR MEETING OF THE KOOCHICHING COUNTY BOARD OF  
COMMISSIONERS

Held on Tuesday, January 4, 2011; 10:30 a.m.

MEMBERS PRESENT: Commissioners Pavleck, McBride, Hanson, Ecklund, Adee

MEMBERS ABSENT: None

2011/01-13 Motion by Hanson, seconded by Ecklund adopting the following resolution for Payments-in-Lieu-of-Taxes (PILT) for Northern Minnesota Forested Counties:

WHEREAS, the concept of the state making payments to local taxing districts to help defray costs for local government services provided in support of tax-exempt natural resource lands has been in existence since the 1940's, and

WHEREAS, results of a late 1970's study concluded that local government service costs were consistent regardless of ownership or higher because land is public, and

WHEREAS, also in the late 70's, the federal government recognized its obligation to help defray costs that local government services provided in support of tax-exempt natural resource lands and established federal payments in lieu of taxes on certain federal natural resource lands, and

WHEREAS, following suit with these actions, the 1979 State Legislature approved what is known today as State Payments-in-Lieu-of-Taxes (PILT) for tax-exempt natural resource lands, and

WHEREAS, that considerable deliberation continued over the years to improve PILT reimbursement resulted in an overhaul of the PILT laws in 2000 that is still in place today.

NOW THEREFORE BE IT RESOLVED, that the Koochiching County Board of Commissioners support the current language of M.S. 97A.061 and M.S. 477A.11-145 and its' funding.

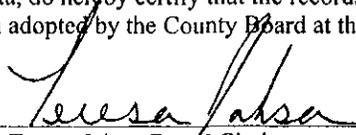
BE IT FURTHER RESOLVED, that the Koochiching County Board of Commissioners supports moving the administration of the PILT program to the Department of Revenue. Voting yes: Pavleck, McBride, Hanson, Ecklund, Adee. Motion carried

CERTIFICATION

STATE OF MINNESOTA  
COUNTY OF KOOCHICHING

I, Teresa Jaksa, Clerk to the Koochiching County Board of Commissioners, in and for the County of Koochiching, State of Minnesota, do hereby certify that the records of my office show that the above is a true and correct copy of a resolution adopted by the County Board at their meeting on January 4, 2011.

Date: 1/5/11

  
Teresa Jaksa, Board Clerk  
Koochiching County Board



**Pine County Board of County Commissioners  
Support for State Payments-in-Lieu-of-Taxes (PILT)  
for Northern Minnesota Forested Counties**

**RESOLUTION #011811-01**

**WHEREAS**, the concept of the state making payments to local taxing districts to help defray costs for local government services provided in support of tax-exempt natural resource lands has been in existence since the 1940's, and

**WHEREAS**, results of a late 1970's study concluded that local government service costs were consistent regardless of ownership or higher because land is public, and

**WHEREAS**, also in the late 70's, the federal government recognized its obligation to help defray costs that local government services provided in support of tax-exempt natural resource lands and established federal payments in lieu of taxes on certain federal natural resource lands, and

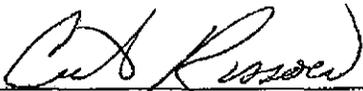
**WHEREAS**, following suit with these actions, the 1979 State Legislature approved what is known today as State Payments-in-Lieu-of-Taxes (PILT) for tax-exempt natural resource lands, and

**WHEREAS**, that considerable deliberation continued over the years to improve PILT reimbursement resulted in an overhaul of the PILT laws in 2000 that is still in place today.

**NOW, THEREFORE BE IT RESOLVED**, that on this 18<sup>th</sup> day of January, 2011, the Pine County Board of Commissioners support the current language of M.S. 97A.061 and M.S. 477A.11-.145 and its' funding.

**BE IT FURTHER RESOLVED**, that the Pine County Board of Commissioners supports moving the budget and administration oversight of the PILT program to the Department of Revenue with continued cooperation of the Department of Natural Resources.

SIGNED:



By: Curt Rossow, Chairman Pine County Board of Commissioners



Attest: Mark LeBrun, Clerk to the County Board



*Resolution*  
*of the*  
**Board of County Commissioners**  
**St. Louis County, Minnesota**  
*Adopted on: December 21, 2010 Resolution No. 622*  
*Offered by Commissioner: Forsman*

WHEREAS, the concept of the state making payments to offset the loss of tax base for local governments provided in support of tax-exempt natural resource lands has been in existence since the 1940's; and

WHEREAS, results of a late 1970s study concluded that local government service costs were consistent regardless of ownership, or higher because land is public; and

WHEREAS, also in the late 70s, the federal government recognized its obligation to help defray costs that local government services provided in support of tax-exempt natural resource lands and established federal payments in lieu of taxes on certain federal natural resource lands; and

WHEREAS, following suit with these actions, the 1979 State Legislature approved what is known today as State Payments-in-Lieu-of -Taxes (PILT) for tax-exempt natural resource lands; and

WHEREAS, that considerable deliberation continued over the years to improve PILT reimbursement resulted in an overhaul of the PILT laws in 2000 that is still in place today; and

WHEREAS, PILT payments are an administrative process and should be a function of the Department of Revenue responsibility, per Minn. Stat. 477A.12, Subd. 1.a.

NOW, THEREFORE, BE IT RESOLVED, that the St. Louis County Board of Commissioners support the current language of Minn. Stat. 97A.061 and Minn. Stat. 477A.11 to 477A.145.

RESOLVED FURTHER, that the St. Louis County Board of Commissioners supports the Department of Revenue as the administrator of the PILT program.

Commissioner Forsman moved the adoption of the Resolution and it was declared adopted upon the following vote:

Yeas – Commissioners Fink, Dahlberg, Forsman, Nelson, and Chair Raukar – 5

Nays – None

Absent – Commissioners O'Neil and Sweeney - 2

STATE OF MINNESOTA  
Office of County Auditor, ss.  
County of St. Louis

I, DONALD DICKLICH, Auditor of the County of St. Louis, do hereby certify that I have compared the foregoing with the original resolution filed in my office on the 21st day of December, A.D. 2010, and that this is a true and correct copy.

WITNESS MY HAND AND SEAL OF OFFICE at Duluth, Minnesota, this 21st day of December, A.D., 2010.

DONALD DICKLICH, COUNTY AUDITOR

By

Deputy Auditor/Clerk of County Board